

ABSTRACT

A method and apparatus for reducing the balance of a consumer or educational loan obligation using a loyalty reward program is disclosed. Loan obligors can reduce the balances of their loan obligations by purchasing consumer goods and services that they would normally purchase. The method essentially comprises the steps of (a) establishing a site on a global computer network; (b) recognizing at least certain users of the site; (c) directing the recognized users to merchants; (d) enabling accumulation of loyalty points by the recognized users based upon purchases from the merchants; (e) monitoring the purchases by the recognized users from the merchants; (f) tracking the accumulated loyalty points; and (g) permitting selective redemption of the accumulated loyalty points. Users of the site are recognized by requiring them to provide initial registration information. Accumulated loyalty points may be categorized with a status of "pending" or a status of "earned." Selective redemption of the accumulated loyalty points includes selective application of earned loyalty points to a loan of a recognized user to permit repayment of the loan, or selective transfer of earned loyalty points from one recognized user to another recognized user. Information about accumulated, redeemed, and transferred loyalty points may be displaying to a recognized user.